

FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
CITY OF LANSING, KANSAS
DECEMBER 31, 2016

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Honorable Mayor and Members
of the City Council
City of Lansing, Kansas

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lansing, Kansas, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

The financial statements include partial and summarized prior-year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2015, from which such partial and summarized information was derived.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit and Accounting Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lansing, Kansas, as of December 31, 2016, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General and Consolidated Street and Highway funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 51 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required management discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lansing's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Lansing, Kansas.

The combining and individual nonmajor fund financial statements, budgetary schedules, and capital asset schedule are the responsibility of management and were derived from and relate directly to the underlying accounting records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wendy Wae Nelson & John LLC

Topeka, Kansas
July 31, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Lansing, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Lansing for the calendar year ended December 31, 2016.

Financial Highlights

- Assets of the City of Lansing exceeded its liabilities at the close of the most recent calendar year by \$13,525,720.
- At the close of the current calendar year, the City of Lansing's governmental funds reported combined ending fund balances of \$6,057,364.
- At the end of the current calendar year, the unassigned fund balance for the general fund was \$1,465,200.
- The City's total term-debt increased by \$1,073,391 during the current calendar year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Lansing's basic financial statements. The City of Lansing's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Lansing's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Lansing's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Lansing is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent calendar year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Lansing that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Lansing include general government, public safety, public works (roads, utilities and traffic controls), parks and recreation, library and employee benefits. The business-type activities of the City of Lansing include wastewater and solid waste activities. The City of Lansing has no component units, which are entities that are legally separate, but for which the City is financially accountable.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Lansing, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Lansing can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the calendar year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

By doing so, readers may better understand the long-term impact of the city's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The basic governmental funds financial statements can be found on pages 12 and 14 of this report.

The City of Lansing adopts an annual appropriated budget for all governmental funds as required by state statute.

Proprietary funds. The City of Lansing maintains two proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Lansing uses enterprise funds to account for its Wastewater and Solid Waste activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Wastewater Fund and other proprietary funds, namely, Solid Waste activities, which is not considered to be a major fund of the City. The basic proprietary fund financial statements can be found on pages 18-20 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* available to support the City of Lansing's own programs and, therefore, are not reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on page 21 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Lansing, assets exceeded liabilities by \$13,525,720 at the close of 2016.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

By far, the largest portion of the City of Lansing's net position reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City of Lansing used these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Lansing's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF LANSING CONDENSED NET ASSETS December 31, 2016

	Governmental activities 2016	Business-type activities 2016	Total 2016
Current and other assets	\$10,362,555	\$ 3,568,677	\$13,931,232
Capital assets	<u>21,142,010</u>	<u>12,289,455</u>	<u>33,431,465</u>
Total assets	<u>31,504,565</u>	<u>15,858,132</u>	<u>47,362,697</u>
Long-term liabilities outstanding	27,018,213	255,799	29,703,050
Current and other liabilities	<u>6,423,164</u>	<u>139,801</u>	<u>4,133,927</u>
Total liabilities	<u>33,441,377</u>	<u>395,600</u>	<u>33,836,977</u>
Net position			
Invested in capital assets, net of related debt	(2,590,819)	12,289,455	9,698,636
Restricted	700,457		700,457
Unrestricted	<u>(46,450)</u>	<u>3,173,077</u>	<u>3,126,627</u>
Total net position	<u>\$ (1,936,812)</u>	<u>\$15,462,532</u>	<u>\$13,525,720</u>

A portion of the City of Lansing's net position, \$700,457, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$3,126,627, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current calendar year, the City of Lansing is able to report positive balances in all three categories of net position, for the government as a whole.

Financial Analysis of the Government's Funds

As noted earlier, the City of Lansing uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The financial reporting focus of the City of Lansing's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information may be useful in assessing the City of Lansing's financing requirements. In particular, the unreserved fund balance may serve as useful measure of a government's net resources available for spending at the end of the calendar year.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

As of the end of the current calendar year, the City of Lansing's governmental funds reported combined ending fund balances of \$6,057,364. Of this total amount \$6,043,292 constitutes the portion of the fund balance, which is available to meet the future financial needs of the City. The remainder of the fund balance is nonspendable to indicate that it is not available for new spending because it has already been expended.

The general fund is the chief operating fund of the City of Lansing. At the end of the current calendar year, unassigned fund balance of the general fund was \$1,465,200. The City of Lansing's general fund balance increased by \$411,306 during the current calendar year.

Proprietary funds. The City of Lansing's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. The ending net assets for the proprietary funds were \$15,462,532, a net increase of \$75,954.

The unrestricted net assets of the two enterprise funds totaled \$3,173,077.

General Fund Budgetary Highlights

The City continues to develop long term strategies to manage debt, while limiting the fiscal burden on the citizens of Lansing. Management is watching the City's debt load to ensure that future revenues will be sufficient to retire the debt without jeopardizing essential City services.

Revenues for the general fund operations were more than estimated by \$195,596, and departmental expenditures on the budgetary basis were less than appropriated amounts by \$1,133,688.

Transfers out of the general fund totaled \$971,162 for the year ended December 31, 2016 (see Statement of Revenues, Expenditures, and Change in Fund Balances on page 12 of this report).

Revenues from ad valorem taxes represented the largest general fund revenue source with collections totaling \$2.39 million or 43 percent of all general fund revenues. At \$1.92 million or 34 percent of all general fund revenue collected, current year retail sales and use taxes represent the second largest revenue source for the general fund. The Mill Levy increased by 0.943 in 2016, moving from 40.895 in 2015 to 41.838 in 2016.

Enterprise Operations

The City's enterprise operations consist of two separately accounted for operations which are administered by two different departments: Finance and Wastewater. Operating revenues for the City's combined enterprise operations increased by \$232,738. The key factors in this increase are a utility rate increase on residential and commercial utility accounts and a proactive approach to collecting delinquent balances.

Capital Asset and Debt Administration

Capital assets. The City of Lansing's investment in capital assets for its governmental and business type activities as of December 31, 2016, amount to \$33,431,465 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, park and municipal facilities, roads, highways and sidewalks. The total increase in the City of Lansing's investment in capital assets for the current calendar year was \$1,689,358. Details of the City of Lansing's capital assets are continued in Note C - 3 to financial statement on pages 30 - 32.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Long-term debt. At the end of the current calendar year, the City of Lansing had total debt outstanding of \$26,158,430, which comprises debt backed by the full faith and credit of the City. (More detailed information about the agency's long-term liabilities is presented in Note D to the financial statement on page 33.)

The City of Lansing's total debt increased by 4 percent during the current year.

During the current year, the City of Lansing issued general obligation refunding and improvement debt in the principal amount of \$8,135,000 to advance refund general obligation debt (\$1,655,000) and for the 9 Mile Creek sewer project. This obligation will be repaid via wastewater utility revenues.

Economic Factors and Next Year's Budgets and Rates

The local economy of City of Lansing is showing improvement from prior years. There has been moderate growth in sales tax revenues. The City continues to limit expenditures to ensure long-term financial sustainability. The assessed valuation is not estimated to change significantly for 2017.

In adopting the budget for the ensuing calendar year 2017, City officials considered many factors in making judgments and estimates about the finances of the upcoming year.

Upcoming and current capital projects scheduled are:

- Street, Sidewalk, and Drainage Projects
- DeSoto Road Project
- 9 Mile Creek Sewer Project
- Improvements to Bernard Park

The primary objective of the Council was to continue to provide basic City services to the citizens, while attempting to keep the property tax rate substantially the same. The City's Mill Levy rate of 41.838 in 2016 decreased by .018 to 41.820 for 2017. The dollar value equivalent is a \$.21 decrease in taxes paid on a \$100,000 home.

Requests for Information

This financial report is designed to provide a general overview of the City of Lansing's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Finance Department, 800 1st Terrace, Lansing, Kansas 66043.

CITY OF LANSING, KANSAS
STATEMENT OF NET POSITION

December 31, 2016

With comparative totals for December 31, 2015

	Primary government		Totals	
	Governmental activities	Business-type activities	2016	2015
ASSETS				
Cash and cash equivalents	\$ 6,238,637	\$ 2,247,230	\$ 8,485,867	\$ 7,640,316
Receivables	3,405,384	1,275,851	4,681,235	4,391,598
Deferred outflows of resources				
Inventory	14,072		14,072	12,394
Pension - deferred outflows	704,462	45,596	750,058	246,596
Capital assets				
Land	991,774		991,774	991,774
Depreciable buildings, property and equipment, net of depreciation	15,749,439	12,289,455	28,038,894	27,205,715
Construction in progress	4,400,797		4,400,797	3,544,618
Total assets	<u>31,504,565</u>	<u>15,858,132</u>	<u>47,362,697</u>	<u>44,033,011</u>
LIABILITIES				
Accounts payable	149,947	74,315	224,262	201,912
Customer deposits		20,551	20,551	20,325
Accrued interest payable	249,568		249,568	219,727
Salaries and wages payable	121,554	30,492	152,046	155,389
Deferred inflows of resources				
Property taxes receivable	3,329,228		3,329,228	3,294,676
Pension - deferred inflows	143,829	14,443	158,272	258,405
Noncurrent liabilities				
Net pension liability	3,133,413	255,799	3,389,212	2,804,899
Due within one year	2,429,038		2,429,038	6,152,132
Due in more than one year	23,884,800		23,884,800	19,088,315
Total liabilities	<u>33,441,377</u>	<u>395,600</u>	<u>33,836,977</u>	<u>32,195,780</u>
NET POSITION				
Invested in capital assets, net of related debt	(2,590,819)	12,289,455	9,698,636	9,723,095
Restricted for debt service	700,457		700,457	534,174
Unrestricted	(46,450)	3,173,077	3,126,627	1,579,962
Total net position	<u>\$(1,936,812)</u>	<u>\$15,462,532</u>	<u>\$13,525,720</u>	<u>\$11,837,231</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF ACTIVITIES
Year ended December 31, 2016
With comparative totals for December 31, 2015

	<u>Expenses</u>	<u>Program revenues</u>			<u>Net (expense) revenue and changes in net assets</u>			
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>	<u>Primary government</u>		<u>Totals</u>	
					<u>Governmental activities</u>	<u>Business-type activities</u>		
							<u>2016</u>	<u>2015</u>
Functions/programs								
Primary government								
Governmental activities								
General government	\$ (1,976,649)	\$ 688,728	\$587,873	\$ -	\$ (672,688)	\$ -	\$ (672,688)	\$ (262,389)
Public safety	(1,435,561)	8,883	12,022		(1,414,656)		(1,414,656)	(1,382,963)
Public works	(1,432,379)	28,414			(1,403,965)		(1,403,965)	(1,735,628)
Library	(257,332)		48		(257,332)		(257,332)	(235,142)
Culture and recreation	(740,341)		19,200		(740,293)		(740,293)	(698,240)
Planning and zoning	(950,983)				(931,783)		(931,783)	(1,055,566)
Interest	(692,390)				(719,750)		(719,750)	(992,101)
Total governmental activities	(7,485,635)	726,025	619,143	-	(6,140,467)	-	(6,140,467)	(6,362,029)
Business-type activities								
Sewer Utility	(1,732,329)	2,623,598				891,269	891,269	379,314
Refuse Utility	(466,403)	633,768				167,365	167,365	136,396
Total business-type activities	(2,198,732)	3,257,366	-	-	-	1,058,634	1,058,634	515,710
Total primary government	<u>\$ (9,684,367)</u>	<u>\$3,983,391</u>	<u>\$619,143</u>	<u>\$ -</u>	<u>(6,140,467)</u>	<u>1,058,634</u>	<u>(5,081,833)</u>	<u>(5,846,319)</u>
General revenues								
Property taxes					3,558,223		3,558,223	3,297,140
Sales taxes					1,923,021		1,923,021	1,869,199
Franchise taxes					663,183		663,183	665,673
Motor fuel taxes					422,703		422,703	411,555
Alcoholic beverage taxes					12,022		12,022	10,287
Transient guest taxes					102,166		102,166	104,094
Investment earnings					915	220	1,135	324
Original issue premium					87,869		87,869	
Gain on sale of assets								1,202
Transfers					982,900	(982,900)		
Total general revenues and transfers					7,753,002	(982,680)	6,770,322	6,359,474
Change in net position					1,612,535	75,954	1,688,489	513,155
Net position beginning of year (as previously reported)					(3,549,347)	15,386,578	11,837,231	14,284,048
Prior period adjustment for change in accounting principal								(2,959,972)
As restated					(3,549,347)	15,386,578	11,837,231	11,324,076
Net position end of year					<u>\$ (1,936,812)</u>	<u>\$15,462,532</u>	<u>\$13,525,720</u>	<u>\$11,837,231</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016
With comparative totals for December 31, 2015

	General	Special Revenue Fund Consolidated Street and Highway	Debt Service fund	Capital Project Sewer	Other governmental funds	Totals	
						2016	2015
ASSETS							
Cash and equity in Treasurer's fund	\$1,635,851	\$430,200	\$ 674,611	\$2,425,601	\$1,072,374	\$6,238,637	\$6,047,478
Property taxes receivable	2,242,676		868,615		294,093	3,405,384	3,294,676
Deferred outflows	14,072					14,072	12,394
Total assets	<u>\$3,892,599</u>	<u>\$430,200</u>	<u>\$1,543,226</u>	<u>\$2,425,601</u>	<u>\$1,366,467</u>	<u>\$9,658,093</u>	<u>\$9,354,548</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 112,504	\$ 811	\$ -	\$ -	\$ 36,632	\$ 149,947	\$ 143,885
Salaries and wages payable	104,315	10,727			6,512	121,554	123,146
Deferred inflows	2,196,508		842,769		289,951	3,329,228	3,294,676
Total liabilities	<u>2,413,327</u>	<u>11,538</u>	<u>842,769</u>	<u>-</u>	<u>333,095</u>	<u>3,600,729</u>	<u>3,561,707</u>
FUND BALANCES							
Nonspendable	14,072					14,072	12,394
Restricted		418,662	700,457		623,145	1,742,264	1,431,627
Committed							
Assigned							
Unassigned	1,465,200			2,425,601	410,227	2,835,828	3,294,926
Total fund balances	<u>1,479,272</u>	<u>418,662</u>	<u>700,457</u>	<u>2,425,601</u>	<u>1,033,372</u>	<u>6,057,364</u>	<u>5,792,841</u>
Total liabilities and fund balances	<u>\$3,892,599</u>	<u>\$430,200</u>	<u>\$1,543,226</u>	<u>\$2,425,601</u>	<u>\$1,366,467</u>	<u>\$9,658,093</u>	<u>\$9,354,548</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
Year ended December 31, 2016

Amounts reported for governmental activities in the statement of net position differ from the fund balances of governmental funds on the preceding balance sheet as shown in the following reconciliation:

Fund balances of governmental funds from the balance sheet	\$ 6,057,364
Capital assets, net of depreciation, used in governmental activities are not financial resources, and so have not been reported on the balance sheet	21,142,010
Pension contributions are reported as expense in the funds and as a deferred outflow of resources in the governmental activities in the statement of net position	704,462
Pension fundings are reported as a revenue in the funds and as a deferred inflow of resources in the governmental activities in the statement of net position	(143,829)
Long-term liabilities, such as bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	
Bonds payable	(25,130,000)
Premium on bonds and notes issued	(917,196)
Capital lease payable	(111,234)
Compensated absences	(155,408)
Accrued interest on long-term debt	(249,568)
Net pension liability	(3,133,413)
Net assets of governmental activities as reported on the statement of net position	<u>\$ (1,936,812)</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Year ended December 31, 2016

With comparative totals for December 31, 2015

	General	Special Revenue Fund Consolidated Street and Highway	Debt Service fund	Capital Project Sewer	Other governmental funds	Totals	
						2016	2015
Revenues							
Taxes and special assessments	\$4,322,369	\$ -	\$1,376,371	\$ -	\$ 319,272	\$ 6,018,012	\$ 5,692,264
Intergovernmental		362,669			29,857	392,526	373,467
Licenses, permits and franchise taxes	757,156					757,156	843,949
Fines and forfeitures	446,073					446,073	474,014
Interest	438	61	136		280	915	260
Other	53,864	1,465	123		357,266	412,718	507,434
Total revenues	<u>5,579,900</u>	<u>364,195</u>	<u>1,376,630</u>	<u>-</u>	<u>706,675</u>	<u>8,027,400</u>	<u>7,891,388</u>
Expenditures							
Current							
General government	1,709,249				143,256	1,852,505	1,797,891
Public safety	1,361,915				25,025	1,386,940	1,533,373
Public works	610,956	375,740			781,078	1,767,774	2,061,279
Culture and recreation	588,634				333,054	921,688	959,668
Social services							
Construction and engineering				3,000,041		3,000,041	2,700,879
Neighborhood revitalization rebate			27,360			27,360	29,705
Debt service							
Principal - bonds			1,445,000			1,445,000	1,635,000
Principal - temporary notes			4,450,000			4,450,000	2,170,000
Interest and commissions			662,549			662,549	633,006
Total expenditures	<u>4,270,754</u>	<u>375,740</u>	<u>6,584,909</u>	<u>3,000,041</u>	<u>1,282,413</u>	<u>15,513,857</u>	<u>13,520,801</u>
Excess (deficiency) of revenue over expenditures	<u>1,309,146</u>	<u>(11,545)</u>	<u>(5,208,279)</u>	<u>(3,000,041)</u>	<u>(575,738)</u>	<u>(7,486,457)</u>	<u>(5,629,413)</u>
Other financing sources (uses)							
Proceeds - general obligation bonds			5,785,000			8,135,000	7,130,000
Proceeds - temporary notes				2,350,000			4,450,000
Other costs of issuance			(218,279)			(218,279)	(139,770)
Original issue discount							
Original issue premiums			506,359			506,359	498,706
Deposit to escrow fund for bonds refunded			(1,655,000)			(1,655,000)	(5,235,247)
Transfers in	75,000	120,000	956,482		834,495	1,985,977	1,974,065
Transfers out	(971,162)				(31,915)	(1,003,077)	(1,116,500)
Total other financing sources (uses)	<u>(896,162)</u>	<u>120,000</u>	<u>5,374,562</u>	<u>2,350,000</u>	<u>802,580</u>	<u>7,750,980</u>	<u>7,561,254</u>
Net change in fund balances	412,984	108,455	166,283	(650,041)	226,842	264,523	1,931,841
Fund balances at beginning of year	<u>1,066,288</u>	<u>310,207</u>	<u>534,174</u>	<u>3,075,642</u>	<u>806,530</u>	<u>5,792,841</u>	<u>3,861,000</u>
Fund balances at end of year	<u>\$1,479,272</u>	<u>\$418,662</u>	<u>\$ 700,457</u>	<u>\$2,425,601</u>	<u>\$1,033,372</u>	<u>\$6,057,364</u>	<u>\$ 5,792,841</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year ended December 31, 2016

Amounts reported for governmental activities in the statement of revenues, expenditures, and changes in fund balances of governmental funds differ from the amounts reported in the government-wide statement of activities as shown in the following reconciliation:

Net changes in fund balances - total from the preceding Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds	\$ 264,523
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	2,452,174
Issuance of long-term debt, such as bonds and temporary notes, provides current financial resources to governmental funds, and the repayment of long-term debt uses those resources; however, neither transaction has any effect on net assets. The City issued general obligation bonds of \$8,135,000. The City entered into capital leases of \$126,819. Premium received on bonds issued \$506,359, and amortization of premiums of \$87,869. The City refunded general obligation bonds of \$1,655,000. The City retired \$1,455,000 of bonds, \$4,450,000 of temporary notes, \$70,434 of capitalized leases, and had a change in interest of \$29,814. The net effect of these differences is this amount.	(1,090,116)
Compensated absences, such as vacation, are reported in the statement of activities, but do not require the use of current financial resources and, therefore, are not reported in the governmental funds.	(13,116)
Pension payments are reported in the governmental funds and do not affect the statement of activities	(930)
Change in net assets of governmental activities as shown on the government-wide statement of activities	<u>\$1,612,535</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND
Year ended December 31, 2016

	Budgeted amounts		Actual	Variance
	Original	Final	amounts	with final budget positive (negative)
Revenues				
Property tax	\$1,986,456	\$1,986,456	\$2,129,779	\$ 143,323
Auto ad valorem tax	225,322	225,322	257,547	32,225
Local alcoholic liquor tax	10,476	10,476	12,022	1,546
Local retail sales tax	1,490,000	1,490,000	1,648,116	158,116
Compensation use tax	235,000	235,000	274,905	39,905
Franchise fees	697,800	697,800	663,183	(34,617)
Licenses and permits	95,600	95,600	93,973	(1,627)
Fines and forfeitures	630,500	630,500	446,073	(184,427)
Interest	100	100	438	338
Other	13,050	13,050	53,864	40,814
Total revenues	5,384,304	5,384,304	5,579,900	195,596
Expenditures				
General government				
City administrator	140,168	140,168	131,811	8,357
Administration	1,136,202	1,136,202	575,749	560,453
Municipal court	254,240	254,240	175,396	78,844
Building maintenance	130,184	130,184	98,528	31,656
Community development	453,261	453,261	240,777	212,484
Economic development	274,824	274,824	268,082	6,742
Finance department	210,277	210,277	218,906	(8,629)
Public safety				
Police	1,529,244	1,529,244	1,361,915	167,329
Emergency preparedness	3,000	3,000		3,000
Public works				
General	294,718	294,718	278,983	15,735
Streets	164,945	164,945	152,481	12,464
Street lighting	182,900	182,900	179,492	3,408
Culture and recreation				
Parks and recreation	465,787	465,787	432,930	32,857
Activity center	112,329	112,329	106,757	5,572
Historical society	39,461	39,461	42,410	(2,949)
Community center	12,902	12,902	6,537	6,365
Total expenditures	5,404,442	5,404,442	4,270,754	1,133,688
Excess (deficit) of revenues over expenditures	(20,138)	(20,138)	1,309,146	1,329,284
Other financing sources				
Transfers in	75,000	75,000	75,000	
Transfers out	(1,004,495)	(1,004,495)	(971,162)	33,333
Total other financing sources (uses)	(929,495)	(929,495)	(896,162)	33,333
Net change in fund balance	(949,633)	(949,633)	412,984	1,362,617
Beginning fund balance	949,633	949,633	1,066,288	116,655
Ending fund balance	\$ -	\$ -	\$1,479,272	\$1,479,272

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
CONSOLIDATED STREET AND HIGHWAY FUND
Year ended December 31, 2016

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>with final</u> <u>budget</u> <u>positive</u> <u>(negative)</u>
Revenues				
Intergovernmental revenue	\$333,780	\$333,780	\$362,669	\$ 28,889
Interest	25	25	61	36
Other	<u>2,500</u>	<u>2,500</u>	<u>1,465</u>	<u>(1,035)</u>
Total revenues	336,305	336,305	364,195	27,890
Expenditures				
Public works	<u>469,617</u>	<u>469,617</u>	<u>375,740</u>	<u>93,877</u>
Excess (deficit) of revenues over expenditures	(133,312)	(133,312)	(11,545)	121,767
Other financing sources				
Transfer in	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>	
Net change in fund balance	(13,312)	(13,312)	108,455	121,767
Beginning fund balance	<u>200,417</u>	<u>200,417</u>	<u>310,207</u>	<u>109,790</u>
Ending fund balance	<u>\$187,105</u>	<u>\$187,105</u>	<u>\$418,662</u>	<u>\$231,557</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2016

With comparative totals for December 31, 2015

	Business-type activities			
	Enterprise funds			
	Sewer Utility	Nonmajor Enterprise Fund Refuse Utility	Totals	
			2016	2015
ASSETS				
Current assets				
Cash and equity in				
Treasurer's fund	\$ 1,940,803	\$306,427	\$ 2,247,230	\$ 1,592,838
Accounts receivable	997,509	278,342	1,275,851	1,096,922
Total current assets	2,938,312	584,769	3,523,081	2,689,760
Noncurrent assets				
Capital assets				
Depreciable buildings,				
property, and equipment,				
net of depreciation	12,289,455		12,289,455	13,052,272
Deferred outflows of resources				
Estimated difference between				
expected and actual pension				
investment earnings, change				
in proportionate share, and				
pension experience	31,694			
Pension contributions				
remitted subsequent to the				
measurement date	13,902		45,596	14,155
Total noncurrent assets	12,335,051	-	12,335,051	13,066,427
Total assets	15,273,363	584,769	15,858,132	15,756,187
LIABILITIES				
Current liabilities				
Accounts payable	35,693	38,622	74,315	58,027
Salaries and wages payable	30,492		30,492	32,243
Customer deposits	20,551		20,551	20,325
Total current liabilities	86,736	38,622	125,358	110,595
Noncurrent liabilities				
Net pension liability	255,799		255,799	230,491
Deferred inflows of resources				
Estimated difference between				
expected and actual pension				
investment earnings, change				
in proportionate share, and				
pension experience	14,443		14,443	28,523
Total noncurrent				
liabilities	270,242	-	270,242	259,014
Total liabilities	356,978	38,622	395,600	369,609

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS - CONTINUED

December 31, 2016

With comparative totals for December 31, 2015

	Business-type activities			
	Enterprise funds			
	Sewer Utility	Nonmajor Enterprise Fund Refuse Utility	Totals	
			2016	2015
NET ASSETS				
Invested in capital assets, net of related debt	\$12,289,455	\$ -	\$12,289,455	\$13,052,272
Unrestricted	<u>2,626,930</u>	<u>546,147</u>	<u>3,173,077</u>	<u>2,334,306</u>
Total net position	<u>\$14,916,385</u>	<u>\$546,147</u>	<u>\$15,462,532</u>	<u>\$15,386,578</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

Year ended December 31, 2016
With comparative totals for December 31, 2015

		Business-type activities Enterprise funds		
		Nonmajor Enterprise Fund Refuse Utility	Totals	
	Sewer Utility		2016	2015
Operating revenues				
Sewer service charges	\$ 2,620,128	\$ -	\$ 2,620,128	\$ 2,412,467
Refuse service charges		625,529	625,529	602,299
Other income	3,470	8,239	11,709	9,862
Total operating revenues	<u>2,623,598</u>	<u>633,768</u>	<u>3,257,366</u>	<u>3,024,628</u>
Operating expenses				
Salaries, wages, and benefits	375,119		375,119	395,149
Purchased services	253,866		253,866	275,431
Commodities	25,975		25,975	24,177
Insurance	59,200		59,200	58,700
Sewer maintenance	209,140		209,140	510,169
Waste collection		466,403	466,403	468,980
Bad debts	32,587		32,587	951
Depreciation	776,442		776,442	775,361
Total operating expenditures	<u>1,732,329</u>	<u>466,403</u>	<u>2,198,732</u>	<u>2,508,918</u>
Operating income	<u>891,269</u>	<u>167,365</u>	<u>1,058,634</u>	<u>515,710</u>
Nonoperating revenues (expenses)				
Interest income	105	115	220	64
Interest expense				
Total nonoperating revenues (expenses)	<u>105</u>	<u>115</u>	<u>220</u>	<u>64</u>
Other financing sources (uses)				
Transfers in				
Transfers out	(907,900)	(75,000)	(982,900)	(857,565)
Total other financing sources (uses)	<u>(907,900)</u>	<u>(75,000)</u>	<u>(982,900)</u>	<u>(857,565)</u>
Change in net position	<u>(16,526)</u>	<u>92,480</u>	<u>75,954</u>	<u>(341,791)</u>
Total net position beginning of year as previously reported	14,932,911	453,667	15,386,578	15,988,497
Prior period adjustment for change in accounting principal				(260,128)
As restated	<u>14,932,911</u>	<u>453,667</u>	<u>15,386,578</u>	<u>15,728,369</u>
Total net position end of year	<u>\$14,916,385</u>	<u>\$546,147</u>	<u>\$15,462,532</u>	<u>\$15,386,578</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year ended December 31, 2016

With comparative totals for December 31, 2015

	Business-type activities Enterprise funds			
	Sewer Utility	Nonmajor Enterprise Fund Refuse Utility	Totals	
			2016	2015
Cash flows from operating activities				
Receipts from customers and users	\$2,458,889	\$575,252	\$3,034,141	\$2,841,508
Payments to suppliers	(472,660)	(466,210)	(938,870)	(1,294,835)
Payments to employees	(397,083)		(397,083)	(406,493)
Other	(55,730)	8,239	(47,491)	(48,838)
Net cash provided by operating activities	<u>1,533,416</u>	<u>117,281</u>	<u>1,650,697</u>	<u>1,091,342</u>
Cash flows from noncapital financing activities				
Transfer to other funds	<u>(907,900)</u>	<u>(75,000)</u>	<u>(982,900)</u>	<u>(857,565)</u>
Net cash provided by (used by) noncapital financing activities	<u>(907,900)</u>	<u>(75,000)</u>	<u>(982,900)</u>	<u>(857,565)</u>
Cash flows from capital and related financing activities				
Purchase of capital assets	<u>(13,625)</u>		<u>(13,625)</u>	<u>(24,473)</u>
Net cash used by capital and related financing activities	<u>(13,625)</u>	<u>-</u>	<u>(13,625)</u>	<u>(24,473)</u>
Cash flows from investing activities				
Interest received	<u>105</u>	<u>115</u>	<u>220</u>	<u>64</u>
Net cash from investing activities	<u>105</u>	<u>115</u>	<u>220</u>	<u>64</u>
Net increase (decrease) in cash and cash equivalents	611,996	42,396	654,392	209,368
Cash and cash equivalents, January 1	<u>1,328,807</u>	<u>264,031</u>	<u>1,592,838</u>	<u>1,323,470</u>
Cash and cash equivalents, December 31	<u>\$1,940,803</u>	<u>\$306,427</u>	<u>\$2,247,230</u>	<u>\$1,592,838</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - CONTINUED

Year ended December 31, 2016

With comparative totals for December 31, 2015

	Business-type activities			
	Enterprise funds			
	Sewer Utility	Nonmajor Enterprise Fund Refuse Utility	Totals	
			2016	2015
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 891,269	\$167,365	\$1,058,634	\$ 515,710
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation expense	776,442		776,442	775,361
Change in assets and liabilities				
Accounts receivable	(128,652)	(50,277)	(178,929)	(172,307)
Accounts payable	16,095	193	16,288	(19,078)
Customer deposits	226		226	3,000
Accrued liabilities	(1,751)		(1,751)	3,925
Net pension liability	25,308		25,308	5,259
Deferred inflows	(14,080)		(14,080)	(19,253)
Deferred outflows	(31,441)		(31,441)	(1,275)
Total adjustments	642,147	(50,084)	592,063	575,632
Net cash provided by operating activities	<u>\$1,533,416</u>	<u>\$117,281</u>	<u>\$1,650,697</u>	<u>\$1,091,342</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF FIDUCIARY NET POSITION
COMBINED AGENCY FUNDS

December 31, 2016

With comparative totals for December 31, 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and equity in Treasurer's Fund	\$106,465	\$93,467
Total assets	<u>\$106,465</u>	<u>\$93,467</u>
LIABILITIES		
Due to others	\$103,001	\$89,883
Bonds posted escrow	<u>3,464</u>	<u>3,584</u>
Total liabilities	<u>\$106,465</u>	<u>\$93,467</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

The City of Lansing is a municipal corporation governed by an elected mayor and eight-member council. The accompanying financial statements present the City's financial position at December 31, 2016. The accounting and reporting policies of the City of Lansing, Kansas, relating to the funds included in the accompanying financial statements, conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governments, and by the Financial Accounting Standards Board, when applicable. Certain significant accounting policies of the City are described below.

The City's financial statements include the accounts of all City operations. The criteria for including other organizations as component units within the City's reporting entity, as set forth in GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in its own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

Based on the aforementioned criteria, the City of Lansing has no component units.

2. Government-wide and fund financial statements

The government-wide financial statements (i.e., the *Statement of Net Position* and the *Statement of Activities*) report information on all of the nonfiduciary activities of the City of Lansing. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3. Measurement focus, basis of accounting, and
financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Under the accrual basis of accounting, revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purposes, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Those revenues susceptible to accrual are sales taxes, franchise taxes, special assessments, investment earnings, and certain Federal and State grants and entitlements. Only sales taxes collected and paid the State at year-end on behalf of the City are recognized as revenue. Licenses, permits, fees for services, and fines are not susceptible to accrual, because generally they are not measurable until received in cash. While property taxes and special assessments are shown on the balance sheet as current assets of the City, they are not recognized as revenue at year-end, because statutory provisions prohibit their use until the year for which they were levied and budgeted. Instead, they are offset by deferred inflows accounts.

The City of Lansing reports the following major governmental funds:

The *general fund* is the main operating fund of the City. This fund is used to account for all financial resources of the City, except those required to be accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the general fund.

The *consolidated street and highway fund*. This fund is used for the construction, reconstruction, alteration, repair and maintenance of the streets and highways of the City.

The *debt service fund* is used to account for the accumulation of financial resources for the payment of principal, interest, and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the debt service fund is reserved, to signify that amounts are restricted exclusively for debt service expenditures.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Capital project - fund sewer. This fund is used for the acquisition and construction of major capital assets other than those financed by the proprietary funds, which are expected to be financed from borrowing or contributions.

The City of Lansing reports the following major proprietary funds:

The *sewer utility fund* provides accountability for all phases of operation and maintenance of the City's public sewer system.

The City reports the following types of nonmajor governmental funds:

Special revenue funds are used to account for the proceeds of specific revenue resources that are legally restricted to expenditure for specified purposes.

Capital project funds are used to account for the acquisition or construction of major capital assets, other than those financed by the proprietary funds, which are expected to be financed from borrowing or contributions.

The City of Lansing reports the following type of nonmajor proprietary funds:

Enterprise fund is used for activities which are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Additionally, the City reports the following fund type:

Fiduciary funds are used to account for resources that are held by the government as a trustee or as agent for parties outside the government and that cannot be used to support the City's own programs. The City of Lansing has no fiduciary trust funds, but maintains three fiduciary agency funds. Agency funds are custodial in nature (assets equal liabilities), and do not involve measurement of results of operations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

4. Assets, liabilities, and net assets or equity

a. Deposits and investments

The City of Lansing considers *cash and cash equivalents* to be cash on hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition.

The City maintains and administers a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is included on the combined balance sheet or statement of net assets as *Cash and equity in Treasurer's fund*.

Kansas statutes authorize the City, with certain restrictions, to deposit or invest directly in temporary notes, no-fund warrants, open accounts, time deposits, certificates of deposit, repurchase agreements, U.S. Treasury bills and notes, and the State's Municipal Investment Pool (MIP). The MIP operates in accordance with applicable State laws and regulations. The reported value of the City's investment in the MIP is the same as the fair value of its pool shares.

Statutes require that collateral, which has a fair market value equal to 100 percent of the investment (less Federally insured amounts), be assigned for the benefit of the City to secure an investment of City funds. The statutes provide for an exception for peak deposit periods during taxpaying time where, for a period of 60 days, the amount of required collateral may be reduced by one-half.

b. Accounts receivable

Accounts receivable are stated net of actual write-offs. The accounts considered uncollectible during each accounting period are eliminated from accounts receivable through the direct write-off method.

Property tax receivables are shown net of an allowance for uncollectible amounts. That allowance is equal to approximately 3 percent of outstanding property taxes at December 31, 2016. Property taxes are levied November 1 on property values assessed as of the previous January 1 as certified by the County Appraiser on June 15 of each year. The tax levy can be paid by property owners in two installment payments. The first half is due on December 20 of the same year, and the second half is due on the following May 10. The payment is considered past due on the day after the due date.

c. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the City as assets with an initial, individual cost of more than \$1,500 and an estimated useful life in excess of three years. All such capital assets that are purchased or constructed are valued at historical cost where

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

records are available and at an estimated historical cost where no such records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The City reports its infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements, regardless of their amount.

Capital assets of proprietary funds are capitalized and depreciated over the remaining useful lives of the related assets, as applicable.

Depreciation of the City's capital assets is computed using the straight-line method and the following useful life ranges:

Office equipment	5 years
Machinery	7 - 10 years
Sewer treatment plant and improvements	30 - 40 years
Infrastructure	30 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed when those projects are debt financed. The amount of interest to be capitalized is calculated by netting any investment earnings from unexpended debt proceeds against the related interest expense incurred from the date of debt issuance until completion of the project.

d. Compensated absences

It is the City's policy to permit benefit-eligible employees to accumulate earned but unused annual leave and sick leave benefits. Accumulated and vested annual leave that can be estimated with reasonable accuracy, and which is expected to be liquidated with current, available financial resources, is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested and accumulated annual leave that are not expected to be liquidated with expendable, current financial resources are reported only for governmental funds on the government-wide financial statement. Vested or accumulated annual leave of proprietary funds is recorded as an expense and a liability of those funds at the time the benefits accrue to employees.

In accordance with the provisions of Governmental Accounting Standards No. 43, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

e. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or those that are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans, which are subject to change.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

f. Comparative data

Comparative totals for the prior year are presented in the accompanying financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. The comparative totals appear in the government-wide financial statements and any combining fund level statements.

g. Prior year data/reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

h. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports pension contributions subsequent to the measurement date, changes in the pension liability proportion and differences between expected and actual experience as deferred outflows of resources in the government activities.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government funds report unavailable revenues from property taxes. Differences between expected and actual experience, net differences between projected and actual investment earnings, changes in assumptions, and changes in the pension liability proportion are reported as deferred inflows for governmental activities. The government-wide statements of net position report only the unavailable revenue for property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

NOTE B - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1. Budgetary information

Kansas state statutes require that an annual operating budget be legally adopted for all governmental fund types, unless specifically exempted by statute. The statutes provide for the following sequence and timetable in the adoption of the City's legal annual operating budget:

- a. Preparation of the proposed budget for the succeeding calendar year, on or before August 1.
- b. Publication in the entity's official, local newspaper of the proposed budget and of the notice of public hearing on the budget, on or before August 5.
- c. Public hearing on or before August 15, but no sooner than ten days after publication of the notice of hearing.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2016

NOTE B - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - Continued

- d. Adoption of the final budget and certification to the office of the relevant County Clerk, on or before August 25.

The statutes allow the governing body to increase the originally adopted budget only for previously unanticipated increases in revenue, other than those attributed to *ad valorem* property taxes. To do this, a notice of public hearing to amend the budget must be published in the official, local newspaper. No sooner than ten days after publication, the hearing may be held, and the governing body may amend the budget at that time. During the year 2016, there were no amendments to the originally adopted budget.

Under Kansas statutes, management cannot amend the budget without approval of the governing body; however, the statutes permit transferring budgeted amounts between line items within an individual fund or department. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds; i.e., the legal level of budgetary control is the fund level. Budget comparison statements are presented for each budgeted fund, showing actual revenues and expenditures compared to legally budgeted revenues and expenditures.

All legal, annual, operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Normally, revenues are recognized when cash is received, if not susceptible to accruals. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments, which are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute liabilities, because the commitments will be honored during subsequent years.

A legal operating budget is not required for capital projects funds, trust funds, and the following special revenue funds:

Governmental Grants
Park Land Trust

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by other statutes, or by the use of internal spending limits established by the governing body.

2. Excess of expenditures over appropriations

Under Kansas statutes, expenditures are mandated to be controlled, so that no indebtedness is created in excess of budgeted limits. Management is not aware of any statutory violations.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS

1. Deposits and investments

At December 31, 2016, the City had the following investments:

	Level 1 Fair value <u>measurement</u>	<u>Maturity</u>
<u>Investments measured by the net asset value (NAV)</u>		
Kansas Municipal Investment Pool	<u>\$1,963,838</u>	Current
Total investments measured by the net asset value (NAV)	<u>\$1,963,838</u>	

The amount invested in the Kansas Municipal Investment Pool is measured at the net asset value, having an ongoing redemption frequency and liquidity fees or redemption gates are not imposed on any of the investments.

At December 31, 2016, the City had \$1,963,838 invested in the State of Kansas' Municipal Investment Pool. The Kansas Municipal Investment Pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers, commercial paper with A1+/P1 and A1/P1 rating, and AA-/Aa3 minimum rated corporate bonds. The fair value of the City's position in the municipal investment pool is substantially the same as the value of the pool shares.

K.S.A. 9-1401 establishes the depositories which may be used by the City of Lansing. The statute requires banks eligible to hold the City of Lansing's funds have a main or branch bank in the county in which the City of Lansing is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City of Lansing has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City of Lansing's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City of Lansing has no investment policy that would further limit its investment choices. The rating of the City of Lansing's investments is noted above.

Concentration of credit risk. State statutes place no limit on the amount the City of Lansing may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the City of Lansing's deposits may not be returned to it. State statutes require the City of Lansing's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2016.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS - Continued

At year-end, the carrying amount of the City's deposits, including certificates of deposit, was \$6,627,784. The bank balance was \$7,210,557. Of the bank balance, \$250,000 was covered by FDIC insurance and \$6,960,557 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the City's name. The third-party bank holding the pledged securities is independent of the pledging bank. The pledged securities are held under a tri-party custodial agreement signed by all three parties: the City, the pledging bank, and the independent third-party bank holding the pledged securities.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City of Lansing will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

2. Receivables

Receivables at year-end for the government's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including any related allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>Debt service</u>	<u>Business- type activities</u>	<u>Nonmajor and other funds</u>	<u>Total</u>
Receivables					
Taxes	\$2,242,676	\$868,615	\$ -	\$294,093	\$3,405,384
Accounts			<u>1,275,851</u>		<u>1,275,851</u>
Gross					
receivables	<u>\$2,242,676</u>	<u>\$868,615</u>	<u>\$1,275,851</u>	<u>\$294,093</u>	<u>\$4,681,235</u>

Revenues of the enterprise funds are reduced by uncollectible amounts when written off.

3. Capital assets

Capital asset activity for the year ended December 31, 2016, was as follows:

Primary Government

	<u>Beginning balances</u>	<u>Increases</u>	<u>Transfers and decreases</u>	<u>Ending balances</u>
Governmental activities				
Nondepreciable capital assets				
Land	\$ 991,774	\$ -	\$ -	\$ 991,774
Construction in progress	<u>3,544,618</u>	<u>3,000,041</u>	<u>(2,143,862)</u>	<u>4,400,797</u>
Total nondepreciable capital assets	<u>4,536,392</u>	<u>3,000,041</u>	<u>(2,143,862)</u>	<u>5,392,571</u>
Depreciable capital assets				
Buildings, improvements, infrastructure	19,553,122		2,143,862	21,696,984
Vehicles	772,994	109,708	(68,988)	813,714
Machinery and equipment	<u>1,546,083</u>	<u>160,233</u>	<u>(61,225)</u>	<u>1,645,091</u>

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS - Continued

	<u>Beginning balances</u>	<u>Increases</u>	<u>Transfers and decreases</u>	<u>Ending balances</u>
Total depreciable capital assets	\$21,872,199	\$ 269,941	\$2,013,649	\$24,155,789
Less accumulated depreciation	<u>(7,718,756)</u>	<u>(815,746)</u>	<u>128,152</u>	<u>(8,406,350)</u>
Depreciable capital assets, net of accumulated depreciation	<u>14,153,443</u>	<u>(545,805)</u>	<u>2,141,801</u>	<u>15,749,439</u>
Governmental activities capital assets, net of accumulated depreciation	<u>\$18,689,835</u>	<u>\$2,454,236</u>	<u>\$ (2,061)</u>	<u>\$21,142,010</u>
	<u>Beginning balances</u>	<u>Increases</u>	<u>Transfers and decreases</u>	<u>Ending balances</u>
Business-type activities				
Nondepreciable capital assets				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress				
Total nondepreciable capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Depreciable capital assets				
Buildings and improvements	22,799,063			22,799,063
Furniture and fixtures	148,746			148,746
Vehicles	299,886			299,886
Machinery and equipment	<u>634,269</u>	<u>13,625</u>	<u>(8,588)</u>	<u>639,306</u>
Total depreciable capital assets	23,881,964	13,625	(8,588)	23,887,001
Less accumulated depreciation	<u>(10,829,692)</u>	<u>(776,442)</u>	<u>8,588</u>	<u>(11,597,546)</u>
Depreciable capital assets, net of accumulated depreciation	<u>13,052,272</u>	<u>(762,817)</u>		<u>12,289,455</u>
Business-type activities capital assets, net of accumulated depreciation	<u>\$13,052,272</u>	<u>\$ (762,817)</u>	<u>\$ -</u>	<u>\$12,289,455</u>

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS - Continued

Depreciation expense was charged to activities as follows:

Governmental activities	
General government	\$103,100
Public Safety	63,728
Public Works	551,063
Culture and Recreation	<u>97,855</u>
Total depreciation expense - Governmental	<u>\$815,746</u>
Business-type activities	
Sewer Utility	<u>\$776,442</u>

4. Interfund transfers

	Transfer in				
	General fund	Consolidated Street and Highway fund	Debt Service fund	Nonmajor governmental	Total
Transfer out					
General fund	\$ -	\$120,000	\$ 16,667	\$834,495	\$ 971,162
Nonmajor governmental			31,915		31,915
Enterprise funds	<u>75,000</u>		<u>907,900</u>		<u>982,900</u>
	<u>\$75,000</u>	<u>\$120,000</u>	<u>\$956,482</u>	<u>\$834,495</u>	<u>\$1,985,977</u>

In the fund financial statements, total *transfers in* of \$1,985,977 equal the total *transfers out* when combining the transfers of governmental funds, in the amount of \$1,003,077 and those transfers of \$982,900 attributable to business-type funds. *Transfers in* consisted of the following:

Equipment Reserve received \$100,000 from the General fund for equipment purchases
General fund received \$75,000 from the Solid Waste fund for reimbursement of salaries
Debt Service fund received \$907,900 from the Sewer Utility fund for payment on debt
Debt Service fund received \$16,667 from the General fund for payment on debt
Debt Service fund received excess funds of \$31,915 from closed capital project
Consolidated Street and Highway fund received \$120,000 from the General fund for maintenance of streets
Capital Improvement fund received \$700,495 from the General fund for street improvements
Special Parks and Recreation fund received \$34,000 from the General fund for park improvements

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2016

NOTE D - LONG-TERM DEBT

Following is a detailed listing of the City's long-term debt including temporary notes:

<u>Debt issue</u>	<u>Date issued</u>	<u>Original amount</u>	<u>12/31/2016 Amount outstanding</u>	<u>Interest rate</u>
Government obligation bonds				
Street and building improvements	2008	\$6,670,000	\$1,365,000	3.75% -
Street and sewer improvements	2010	975,000	645,000	5.00% -
Refunding	2012A	1,910,000		2.50% -
Refunding	2012B	9,575,000	7,965,000	3.70% -
Street and infrastructure improvements and refunding				1.05%
Street and infrastructure improvements and refunding	2015	7,130,000	7,020,000	2.00% -
Temporary notes	2015	4,450,000		2.375%
Capital lease	2014	80,923	27,478	3.00%
Capital lease	2016	126,819	83,756	2.00%

Following is a summary of changes in long-term debt for the year ended December 31, 2016:

<u>Type of issue</u>	<u>Beginning principal balance</u>	<u>Additions to principal</u>	<u>Reductions to principal</u>	<u>Ending principal balance</u>
General obligation bonds				
To be paid with tax levies	\$20,095,000	\$8,135,000	\$3,100,000	\$25,130,000
Temporary notes				
To be paid with tax levies	4,450,000		4,450,000	
Original issue premiums	498,706	506,359	87,869	917,196
Capital leases	54,449	126,819	70,034	111,234
Compensated absences	142,292	13,116		155,408
Total	<u>\$25,240,447</u>	<u>\$8,781,294</u>	<u>\$7,707,903</u>	<u>\$26,313,838</u>

Annual debt service requirements to maturity for general obligation bonds:

<u>Year</u>	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2017	\$ 2,150,000	\$ 731,977	\$ 2,881,977
2018	2,220,000	655,153	2,875,153
2019	2,280,000	590,218	2,870,218
2020	2,345,000	524,628	2,869,628
2021	2,340,000	456,517	2,796,517
2022 - 2026	8,445,000	1,380,207	9,825,207
2027 - 2031	3,345,000	549,368	3,894,368
2032 - 2036	2,005,000	184,200	2,189,200
Total	<u>\$25,130,000</u>	<u>\$5,072,268</u>	<u>\$30,202,268</u>

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2016

NOTE D - LONG-TERM DEBT - Continued

Annual debt service requirements to maturity for the capital lease:

<u>Year</u>	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2017	\$ 68,966	\$2,092	\$ 71,058
2018	<u>42,268</u>	<u>795</u>	<u>43,063</u>
Total	<u>\$111,234</u>	<u>\$2,887</u>	<u>\$114,121</u>

Advance refunding

General Obligation Bonds - On August 10, 2016, the City issued its Series 2016A General Obligation Refunding and Improvement Bonds in the principal amount of \$8,135,000. Proceeds of these bonds were used to advance refund a portion of the City's previously issued Series 2006A General Obligation Refunding and Improvement Bonds (the 2006A Bonds) in the principal amount of \$1,655,000.

The 2006A Bonds scheduled to mature on September 1 in the years 2017 through 2021 were paid and redeemed in full on August 10, 2016. The associated liabilities are consequently removed from the City's government-wide statement of net position, in the governmental activities column. The refunding of the 2006A Bonds resulted in a net present value interest cost of savings to the City in the amount of \$85,152.

NOTE E - FUND BALANCES

As prescribed by GASB Statement No. 54, governmental funds report fund balance classifications based primarily on the extent to which the city is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of December 31, 2016, fund balances for governmental funds are made up of the following:

- *Nonspendable Fund Balance* - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example inventories, prepaid amounts, and long-term notes receivable.
- *Restricted Fund Balance* - includes amounts that can be spent only for the specific purpose stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of the resource providers.
- *Committed Fund Balance* - includes amounts that can only be used for specific purposes determined by a formal action of the City's highest level of decision-making authority, the City's Council. Commitments may be changed or lifted only by the city taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2016

NOTE E - FUND BALANCES - Continued

- *Assigned Fund Balance* - comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. *Intent* is expressed by the City's Council, or a body or official to which the City's Council has delegated the authority to assign amounts to be used for specific purposes.
- *Unassigned Fund Balance* - is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

In circumstances when expenditure is made for a purpose which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Fund balances for all the major and nonmajor governmental funds as of December 31, 2016, were distributed as follows:

	General fund	Consolidated Street and Highway fund	Debt Service fund	Other governmental funds	Total governmental funds
Nonspendable					
Deferred out- flows	\$ 14,072	\$ -	\$ -	\$ -	\$ 14,072
Subtotal	<u>14,072</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,072</u>
Restricted					
Public works		418,662			418,662
Culture and recreation				597,996	597,996
Social services				25,149	25,149
Debt service			<u>700,457</u>		<u>700,457</u>
Subtotal	<u>-</u>	<u>418,662</u>	<u>700,457</u>	<u>623,145</u>	<u>1,742,264</u>
Committed					
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Assigned					
Public works				2,619,717	2,619,717
Public safety				216,111	216,111
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,835,828</u>	<u>2,835,828</u>
Unassigned	<u>1,465,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,465,200</u>
Total fund balances	<u>\$1,479,272</u>	<u>\$418,662</u>	<u>\$700,457</u>	<u>\$3,458,973</u>	<u>\$6,057,364</u>

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2016

NOTE F - CONDUIT DEBT OBLIGATIONS

To provide for the construction of a Health Service facility for Midwest Health Services, construction of an apartment complex and for the construction of a Hotel, the City has issued Taxable Industrial Revenue Bonds. These bonds do not constitute a debt or pledge of the faith and credit of the City and, accordingly, have not been reported in the accompanying financial statements.

At December 31, 2016, Taxable Industrial Revenue Bonds outstanding were \$8,320,500.

NOTE G - OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

NOTE H - DEFINED BENEFIT PENSION PLAN

Description of Pension Plan. The City participates in a cost-sharing multiple-employer pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Kansas Public Employees Retirement System (KPERS), a body corporate and an instrumentality of the State of Kansas. KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

- Public employees, which includes:
- State/School employees
- Local employees
- Police and Firemen
- Judges

Substantially all public employees in Kansas are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected.

Those employees participating in the Pension Plan for the City are included in the Local employees group and the Kansas Police and Firemen group.

KPERS issues a stand-alone comprehensive annual financial report, which is available on the KPERS website at www.kpers.org.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2016

NOTE H - DEFINED BENEFIT PENSION PLAN - Continued

Benefits. Benefits are established by statute and may only be changed by the State Legislature. Members (except Police and Firemen) with ten or more years of credited service, may retire as early as age 55 (Police and Firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with 10 years of credited service, or whenever a member's combined age and years of service equal 85. Police and Firemen normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service.

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Members who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump-sum payment of up to 50 percent of the actuarial present value of the member's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current members, and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with 10 years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

Contributions. Member contributions are established by state law, and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.0 percent of total payroll for the fiscal year ended June 30, 2016.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2016

NOTE H - DEFINED BENEFIT PENSION PLAN - Continued

The actuarially determined employer contribution rates (not including the 0.85 percent contribution rate for the Death and Disability Program) and the statutory contribution rates are as follows:

	<u>Actuarial employer rate</u>	<u>Statutory employer capped rate</u>
Local government employees	9.18%	9.18%
Police and Firemen	20.42%	20.42%

Member contribution rates as a percentage of eligible compensation for the fiscal year 2016 are 6.00 percent for Local employees and 7.15 percent for Police and Firemen.

Employer Allocations. Although KPERS administers one cost-sharing multiple employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and Firemen
- Judges

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer.

The allocation percentages for the City's share of the collective pension amounts as of December 31, 2016, are based on the ratio of its contributions to the total of the employer and nonemployer contributions of the group for the fiscal years ended December 31, 2016.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2016, the City's proportion for the Local employees group was .110 percent, which was no change from its proportion measured at June 30, 2015. At June 30, 2016, the City's proportion for the Police and Firemen group was .181 percent, which was an increase of .006 percent from its proportion measured at June 30, 2015.

Net Pension Liability. At December 31, 2016 and 2015, the City reported a liability of \$3,389,212 and \$2,804,899, respectively, for its total proportionate share of the net pension liability for the Local and Police and Firemen groups.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2016

NOTE H - DEFINED BENEFIT PENSION PLAN - Continued

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2015, which was rolled forward to June 30, 2016, using the following actuarial assumptions:

<u>Assumptions</u>	<u>Rate</u>
Price inflation	3.00%
Wage inflation	4.00%
Salary increases, including wage increases	4.00% to 16.00%, including inflation
Long-term rate of return, net of investment expense, and including price inflation	8.00%

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males and Females, with adjustments to better match actual experience. Separate tables apply for males and females as well as each group (State, School, Local, KP&F, and Judges).

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015, are summarized in the following table:

<u>Asset</u>	<u>Long-term allocation</u>	<u>Long-term expected real rate of return</u>
Global Equity	47.00%	6.80%
Fixed Income	13.00%	1.25%
Yield driven	8.00%	6.55%
Real Return	11.00%	1.71%
Real estate	11.00%	5.05%
Alternatives	8.00%	9.85%
Short-term investments	2.00%	(0.25)%
	<u>100.00%</u>	

Discount Rate. The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The State, School, and Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the System's Board of Trustees for these groups may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years.

Employers contribute the full actuarial determined rate for Police and Firemen, and Judges. Future employer contribution rates were also modeled for Police and Firemen and Judges, assuming all actuarial assumptions are met in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2016

NOTE H - DEFINED BENEFIT PENSION PLAN - Continued

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 8.00 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.00 percent) or 1-percentage point higher (9.00 percent) than the current rate:

	1% Decrease (7.00%)	Discount rate (8.00%)	1% Increase (9.00%)
Local	\$2,332,309	\$1,701,593	\$1,166,796
Police and Firemen	<u>2,315,068</u>	<u>1,687,619</u>	<u>1,157,498</u>
Total	<u>\$4,647,377</u>	<u>\$3,389,212</u>	<u>\$2,324,294</u>

Pension Expense. For the year ended December 31, 2016, the City recognized Local pension expense of \$136,609 and Police and Firemen pension expense of \$195,881, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

Deferred Outflows of Resources and Deferred Inflows of Resources. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for Local and Police and Firemen groups from the following sources:

<u>Local</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between actual and expected experience	\$ 9,876	\$30,712
Net differences between projected and actual earnings on investments	201,009	
Changes in assumptions		15,917
Changes in proportion		49,473
Employer contributions subsequent to the measurement date	<u>92,503</u>	
Total	<u>\$303,388</u>	<u>\$96,102</u>

<u>Police and Firemen</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between actual and expected experience	\$ 89,070	\$17,416
Net differences between projected and actual earnings on investments		
Changes in assumptions	220,962	10,404
Changes in proportion	41,954	34,350
Employer contributions subsequent to the measurement date	<u>94,684</u>	
Total	<u>\$446,670</u>	<u>\$62,170</u>

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2016

NOTE H - DEFINED BENEFIT PENSION PLAN - Continued

The City reported \$187,187 as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Local</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Year ended December 31,		
2017	\$144,787	\$23,464
2018	52,284	23,464
2019	52,284	23,464
2020	52,284	26,675
2021	1,749	(965)
Thereafter		
	<u>\$303,388</u>	<u>\$96,102</u>
 <u>Police and Firemen</u>		
Year ended December 31,		
2017	\$179,706	\$13,654
2018	85,022	13,654
2019	85,022	13,654
2020	83,113	15,804
2021	13,807	5,404
Thereafter		
	<u>\$446,670</u>	<u>\$62,170</u>

NOTE I - TAX ABATEMENTS

The City of Lansing participates in a Neighborhood Revitalization tax abatement program authorized by 1994 Senate Bill 732. This program abates 95 percent of the incremental tax generated from certain residential improvements for five years. In addition, certain commercial and industrial properties improvements can be abated through this program by up to 95 percent for the first six years and up to 75 percent for years seven through ten. The commercial and industrial abatement varies based on the total increase in assessed valuations. Currently, 17 properties are participating in this program and tax rebated for those properties during 2016 was \$93,139 (2015 Tax) estimated rebates for 2017 is \$81,090 (2016 Tax). Tax must be paid in full at which time rebate checks are issued. The following abatements exceeded the 10 percent quantitative threshold for individual disclosure:

<u>Address</u>	<u>Purpose</u>	<u>Duration</u>	<u>Abatement %</u>	<u>Remaining duration</u>	<u>Amounts rebated in 2016</u>
484 N. Main Street	Commercial and Industrial Improvement	10 Years	95% to 20%	5 Years	\$11,650
237 N. Main Street	Commercial and Industrial Improvement	10 Years	95% to 20%	9 Years	9,746

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2016

NOTE I - TAX ABATEMENTS - Continued

<u>Address</u>	<u>Purpose</u>	<u>Duration</u>	<u>Abatement %</u>	<u>Remaining duration</u>	<u>Amounts rebated in 2016</u>
925 W. Eisenhower Road	Commercial and Industrial Improvement	10 Years	95% to 75%	2 Years	\$34,408

In addition, the City has designated a redevelopment district "Lansing Towne Center" in which certain tax abatement may be negotiated for a development of that area. To date, no taxes have been abated for this designated redevelopment area.

NOTE J - RESTATEMENT OF EQUITY 2015

On January 1, 2015, the City changed its method of accounting to adopt Government Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. The effect of this is as follows:

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
Net position - January 1	\$ (1,704,449)	\$15,988,497	\$14,284,048
Prior period adjustment	(2,699,844)	(260,128)	(2,959,972)
Net position - January 1, restated	<u>\$ (4,404,293)</u>	<u>\$15,728,369</u>	<u>\$11,324,076</u>

NOTE K - SUBSEQUENT EVENTS

The City has evaluated all subsequent events through July 31, 2017, the date the financial statements were available to be issued.

NOTE L - CONTINGENCIES

The City is party to various claims and legal actions arising in the ordinary course of business. The City maintains adequate insurance coverage for such claims.

CITY OF LANSING, KANSAS
 COMBINING BALANCE SHEET
 OTHER NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2016

	Special Revenue Funds	Capital Project Funds	Total other nonmajor governmental Funds
ASSETS			
Cash and equity in Treasurer's fund	\$636,679	\$435,695	\$1,072,374
Property taxes receivable	<u>294,093</u>	<u> </u>	<u>294,093</u>
Total assets	<u>\$930,772</u>	<u>\$435,695</u>	<u>\$1,366,467</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 11,164	\$ 25,468	\$ 36,632
Salaries and wages payable	6,512		6,512
Deferred inflows	<u>289,951</u>	<u> </u>	<u>289,951</u>
Total liabilities	<u>307,627</u>	<u>25,468</u>	<u>333,095</u>
FUND BALANCES			
Restricted	623,145		623,145
Assigned	<u> </u>	<u>410,227</u>	<u>410,227</u>
Total fund balances	<u>623,145</u>	<u>410,227</u>	<u>1,033,372</u>
Total liabilities and fund balances	<u>\$930,772</u>	<u>\$435,695</u>	<u>\$1,366,467</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 OTHER NONMAJOR GOVERNMENTAL FUNDS
 Year ended December 31, 2016

	Special Revenue Funds	Capital Project Funds	Total other nonmajor governmental Funds
Revenues			
Taxes	\$319,272	\$ -	\$ 319,272
Intergovernmental	29,857		29,857
Interest	228	52	280
Other	<u>122,794</u>	<u>234,472</u>	<u>357,266</u>
Total revenues	<u>472,151</u>	<u>234,524</u>	<u>706,675</u>
Expenditures			
General government	136,031	7,225	143,256
Public safety	1,167	23,858	25,025
Public works		781,078	781,078
Culture and recreation	<u>333,054</u>		<u>333,054</u>
Total expenditures	<u>470,252</u>	<u>812,161</u>	<u>1,282,413</u>
Excess (deficit) of revenues over expenditures	<u>1,899</u>	<u>(577,637)</u>	<u>(575,738)</u>
Other financing sources (uses)			
Transfers in	34,000	800,495	834,495
Transfers out		<u>(31,915)</u>	<u>(31,915)</u>
Total other financing sources (uses)	<u>34,000</u>	<u>768,580</u>	<u>802,580</u>
Net change in fund balances	35,899	190,943	226,842
Fund balances at beginning of year	<u>587,246</u>	<u>219,284</u>	<u>806,530</u>
Fund balances at end of year	<u>\$623,145</u>	<u>\$410,227</u>	<u>\$1,033,372</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 December 31, 2016
 With comparative totals for December 31, 2015

	Transient Guest Tax	Mayor's Christmas	Special Alcoholic Liquor	Special Parks and Recreation	Library	KS Regional Prisons Museum
ASSETS						
Cash and equity in Treasurer's fund	\$91,297	\$12,982	\$25,149	\$305,228	\$ 29,806	\$137,017
Property taxes receivable					294,093	
Total assets	<u>\$91,297</u>	<u>\$12,982</u>	<u>\$25,149</u>	<u>\$305,228</u>	<u>\$323,899</u>	<u>\$137,017</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 6,150	\$ 2,499	\$ -	\$ -	\$ 2,515	\$ -
Salaries and wages payable					6,512	
Deferred inflows					289,951	
Total liabilities	<u>6,150</u>	<u>2,499</u>	<u>-</u>	<u>-</u>	<u>298,978</u>	<u>-</u>
FUND BALANCES						
Restricted	85,147	10,483	25,149	305,228	24,921	137,017
Total fund balances	<u>85,147</u>	<u>10,483</u>	<u>25,149</u>	<u>305,228</u>	<u>24,921</u>	<u>137,017</u>
Total liabilities and fund balances	<u>\$91,297</u>	<u>\$12,982</u>	<u>\$25,149</u>	<u>\$305,228</u>	<u>\$323,899</u>	<u>\$137,017</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE - CONTINUED
 December 31, 2016
 With comparative totals for December 31, 2015

	Park Land Trust	Totals	
		<u>2016</u>	<u>2015</u>
ASSETS			
Cash and equity in Treasurer's fund	\$35,200	\$636,679	\$593,857
Property taxes receivable		<u>294,093</u>	<u>194,581</u>
Total assets	<u>\$35,200</u>	<u>\$930,772</u>	<u>\$788,438</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 11,164	\$ 765
Salaries and wages payable		6,512	5,846
Deferred inflows		<u>289,951</u>	<u>194,581</u>
Total liabilities	<u>-</u>	<u>307,627</u>	<u>201,192</u>
FUND BALANCES			
Restricted	<u>35,200</u>	<u>623,145</u>	<u>587,246</u>
Total fund balances	<u>35,200</u>	<u>623,145</u>	<u>587,246</u>
Total liabilities and fund balances	<u>\$35,200</u>	<u>\$930,772</u>	<u>\$788,438</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 Year ended December 31, 2016
 With comparative totals for December 31, 2015

	<u>Transient Guest Tax</u>	<u>Mayor's Christmas</u>	<u>Special Alcoholic Liquor</u>	<u>Special Parks and Recreation</u>	<u>Library</u>	<u>KS Regional Prisons Museum</u>
Revenues						
Taxes	\$102,166	\$ -	\$ -	\$ -	\$217,106	\$ -
Intergovernmental			12,022	12,021	5,814	
Interest	11		9	128	28	52
Other	<u>22,010</u>	<u>4,176</u>		<u>68,238</u>	<u>9,122</u>	<u>48</u>
Total revenues	<u>124,187</u>	<u>4,176</u>	<u>12,031</u>	<u>80,387</u>	<u>232,070</u>	<u>100</u>
Expenditures						
General government	133,532	2,499				
Public safety			1,167			
Culture and recreation				75,722	257,332	
Social services						
Total expenditures	<u>133,532</u>	<u>2,499</u>	<u>1,167</u>	<u>75,722</u>	<u>257,332</u>	<u>-</u>
Excess (deficit) of revenues over (under) expenditures	<u>(9,345)</u>	<u>1,677</u>	<u>10,864</u>	<u>4,665</u>	<u>(25,262)</u>	<u>100</u>
Other financing sources (uses)						
Transfers in				34,000		
Transfers out						
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(9,345)	1,677	10,864	38,665	(25,262)	100
Fund balances at beginning of year	<u>94,492</u>	<u>8,806</u>	<u>14,285</u>	<u>266,563</u>	<u>50,183</u>	<u>136,917</u>
Fund balances at end of year	<u>\$ 85,147</u>	<u>\$10,483</u>	<u>\$25,149</u>	<u>\$305,228</u>	<u>\$ 24,921</u>	<u>\$137,017</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE - CONTINUED

Year ended December 31, 2016

With comparative totals for December 31, 2015

	Park Land Trust	Totals	
		2016	2015
Revenues			
Taxes	\$ -	\$319,272	\$295,766
Intergovernmental		29,857	22,514
Interest		228	72
Other	<u>19,200</u>	<u>122,794</u>	<u>102,502</u>
Total revenues	<u>19,200</u>	<u>472,151</u>	<u>420,854</u>
Expenditures			
General government		136,031	107,370
Public safety		1,167	73,457
Culture and recreation		<u>333,054</u>	<u>366,235</u>
Total expenditures	<u>-</u>	<u>470,252</u>	<u>547,062</u>
Excess (deficit) of revenues over (under) expenditures	<u>19,200</u>	<u>1,899</u>	<u>(126,208)</u>
Other financing sources (uses)			
Transfers in		34,000	34,000
Transfers out			
Total other financing sources (uses)	<u>-</u>	<u>34,000</u>	<u>34,000</u>
Net change in fund balances	19,200	35,899	(92,208)
Fund balances at beginning of year	<u>16,000</u>	<u>587,246</u>	<u>679,454</u>
Fund balances at end of year	<u>\$35,200</u>	<u>\$623,145</u>	<u>\$587,246</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
 Year ended December 31, 2016
 With comparative totals for December 31, 2015

	Equipment Reserve	Police Equipment Reserve	Capital Improvement fund	Streets	Totals	
					2016	2015
ASSETS						
Cash and equity in Treasurer's fund	<u>\$184,918</u>	<u>\$31,193</u>	<u>\$219,584</u>	<u>\$ -</u>	<u>\$435,695</u>	<u>\$220,784</u>
Total assets	<u>\$184,918</u>	<u>\$31,193</u>	<u>\$219,584</u>	<u>\$ -</u>	<u>\$435,695</u>	<u>\$220,784</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,468</u>	<u>\$ -</u>	<u>\$ 25,468</u>	<u>\$ 1,500</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>25,468</u>	<u>-</u>	<u>25,468</u>	<u>1,500</u>
FUND BALANCES						
Committed						
Assigned	<u>184,918</u>	<u>31,193</u>	<u>194,116</u>		<u>410,227</u>	<u>219,284</u>
Total fund balances	<u>184,918</u>	<u>31,193</u>	<u>194,116</u>	<u>-</u>	<u>410,227</u>	<u>219,284</u>
Total liabilities and fund balances	<u>\$184,918</u>	<u>\$31,193</u>	<u>\$219,584</u>	<u>\$ -</u>	<u>\$435,695</u>	<u>\$220,784</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
 Year ended December 31, 2016
 With comparative totals for December 31, 2015

	Equipment Reserve	Police Equipment Reserve	Capital Improvement Fund	Streets	Totals	
					2016	2015
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	30		22		52	15
Intergovernmental			178,450			
Other	18,725	8,883		28,414	234,472	343,717
Total revenues	18,755	8,883	178,472	28,414	234,524	343,732
Expenditures						
General government	7,225				7,225	8,168
Public safety	23,858				23,858	43,969
Public works	49,095		731,983		781,078	1,059,656
Culture and recreation						10,243
Construction and engineering						1,300,123
Total expenditures	80,178	-	731,983	-	812,161	2,422,159
Excess (deficit) of revenues over (under) expenditures	(61,423)	8,883	(553,511)	28,414	(577,637)	(2,078,427)
Other financing sources (uses)						
Transfers in	100,000		700,495		800,495	787,500
Transfers out				(31,915)	(31,915)	
Total other financing sources (uses)	100,000	-	700,495	(31,915)	768,580	787,500
Net change in fund balances	38,577	8,883	146,984	(3,501)	190,943	(1,290,927)
Fund balances at beginning of year	146,341	22,310	47,132	3,501	219,284	1,510,211
Fund balances at end of year	\$184,918	\$31,193	\$ 194,116	\$ -	\$410,227	\$ 219,284

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
DEBT SERVICE FUND
Year ended December 31, 2016

	Budgeted amounts		Actual	Variance with
	Original	Final	amounts	final budget positive (negative)
Revenues				
Taxes	\$ 1,287,324	\$ 1,287,324	\$1,376,371	\$ 89,047
Interest	10	10	136	126
Other			123	123
Total revenues	<u>1,287,334</u>	<u>1,287,334</u>	<u>1,376,630</u>	<u>89,296</u>
Expenditures				
Principal - bonds	1,815,000	1,815,000	1,445,000	370,000
Principal - temporary notes	4,830,000	4,830,000	4,450,000	380,000
Interest and commissions	630,087	630,087	662,549	(32,462)
Neighborhood revitalization rebate	<u>26,552</u>	<u>26,552</u>	<u>27,360</u>	<u>(808)</u>
Total expenditures	<u>7,301,639</u>	<u>7,301,639</u>	<u>6,584,909</u>	<u>716,730</u>
Excess (deficit) of revenues over expenditures	<u>(6,014,305)</u>	<u>(6,014,305)</u>	<u>(5,208,279)</u>	<u>806,026</u>
Other financing sources (uses)				
Proceeds - general obligation bonds	4,935,000	4,935,000	5,785,000	850,000
Bond issuance costs	(105,000)	(105,000)	(218,279)	(113,279)
Original issue premium			506,359	506,359
Deposit to escrow fund for bonds refunded			(1,655,000)	(1,655,000)
Adjustment for qualifying budget credits	(1,733,633)	(1,733,633)		1,733,633
Transfer in	957,900	957,900	956,482	(1,418)
Transfer out				
Total other financing sources (uses)	<u>4,054,267</u>	<u>4,054,267</u>	<u>5,374,562</u>	<u>1,320,295</u>
Net change in fund balance	(1,960,038)	(1,960,038)	166,283	2,126,321
Beginning fund balance	<u>526,405</u>	<u>526,405</u>	<u>534,174</u>	<u>7,769</u>
Ending fund balance	<u><u>\$ (1,433,633)</u></u>	<u><u>\$ (1,433,633)</u></u>	<u><u>\$ 700,457</u></u>	<u><u>\$2,134,090</u></u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
TRANSIENT GUEST TAX FUND
Year ended December 31, 2016

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget</u>
				<u>positive</u>
				<u>(negative)</u>
Revenues				
Taxes	\$ 75,000	\$ 75,000	\$102,166	\$27,166
Interest	2	2	11	9
Other	<u>17,300</u>	<u>17,300</u>	<u>22,010</u>	<u>4,710</u>
Total revenues	<u>92,302</u>	<u>92,302</u>	<u>124,187</u>	<u>31,885</u>
Expenditures				
General government	<u>148,266</u>	<u>148,266</u>	<u>133,532</u>	<u>14,734</u>
Excess (deficit) of revenues				
over expenditures	(55,964)	(55,964)	(9,345)	46,619
Beginning fund balance	<u>55,965</u>	<u>55,965</u>	<u>94,492</u>	<u>38,527</u>
Ending fund balance	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 85,147</u>	<u>\$ 85,146</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
MAYOR'S CHRISTMAS FUND
Year ended December 31, 2016

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget</u>
				<u>positive</u>
				<u>(negative)</u>
Revenues				
Other	\$2,500	\$2,500	\$ 4,176	\$ 1,676
Expenditures				
General government	<u>7,022</u>	<u>7,022</u>	<u>2,499</u>	<u>4,523</u>
Excess (deficit) of revenues				
over expenditures	(4,522)	(4,522)	1,677	6,199
Beginning fund balance	<u>4,523</u>	<u>4,523</u>	<u>8,806</u>	<u>4,283</u>
Ending fund balance	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$10,483</u>	<u>\$10,482</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
SPECIAL ALCOHOLIC LIQUOR FUND
Year ended December 31, 2016

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget</u>
				<u>positive</u>
				<u>(negative)</u>
Revenues				
Intergovernmental revenue	\$10,476	\$10,476	\$12,022	\$1,546
Interest			9	9
Total revenues	10,476	10,476	12,031	1,555
Expenditures				
Public safety	3,250	3,250	1,167	2,083
Excess (deficit) of revenues				
over expenditures	7,226	7,226	10,864	3,638
Beginning fund balance	12,761	12,761	14,285	1,524
Ending fund balance	<u>\$19,987</u>	<u>\$19,987</u>	<u>\$25,149</u>	<u>\$5,162</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
SPECIAL PARKS AND RECREATION FUND
Year ended December 31, 2016

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget</u>
				<u>positive</u>
				<u>(negative)</u>
Revenues				
Intergovernmental revenue	\$ 10,476	\$ 10,476	\$ 12,021	\$ 1,545
Interest	25	25	128	103
Other	<u>79,280</u>	<u>79,280</u>	<u>68,238</u>	<u>(11,042)</u>
Total revenues	89,781	89,781	80,387	(9,394)
Expenditures				
Culture and recreation	<u>126,700</u>	<u>126,700</u>	<u>75,722</u>	<u>50,978</u>
Excess (deficit) of revenues over expenditures	(36,919)	(36,919)	4,665	41,584
Other financing sources				
Transfer in	<u>34,000</u>	<u>34,000</u>	<u>34,000</u>	
Net change in fund balance	(2,919)	(2,919)	38,665	41,584
Beginning fund balance	<u>225,014</u>	<u>225,014</u>	<u>266,563</u>	<u>41,549</u>
Ending fund balance	<u>\$222,095</u>	<u>\$222,095</u>	<u>\$305,228</u>	<u>\$ 83,133</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
LIBRARY FUND

Year ended December 31, 2016

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget</u>
				<u>positive</u>
				<u>(negative)</u>
Revenues				
Taxes	\$201,551	\$201,551	\$217,106	\$15,555
Intergovernmental			5,814	5,814
Interest	10	10	28	18
Other	<u>7,000</u>	<u>7,000</u>	<u>9,122</u>	<u>2,122</u>
Total revenues	208,561	208,561	232,070	23,509
Expenditures				
Culture and recreation	<u>259,959</u>	<u>259,959</u>	<u>257,332</u>	<u>2,627</u>
Excess (deficit) of revenues over expenditures	(51,398)	(51,398)	(25,262)	26,136
Beginning fund balance	<u>51,398</u>	<u>51,398</u>	<u>50,183</u>	<u>(1,215)</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,921</u>	<u>\$24,921</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
KS REGIONAL PRISONS MUSEUM FUND
Year ended December 31, 2016

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget</u>
				<u>positive</u>
				<u>(negative)</u>
Revenues				
Interest	\$ -	\$ -	\$ 52	\$ 52
Other	<u>200</u>	<u>200</u>	<u>48</u>	<u>(152)</u>
Total revenues	<u>200</u>	<u>200</u>	<u>100</u>	<u>(100)</u>
Expenditures				
Culture and recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficit) of revenues				
over expenditures	200	200	100	(100)
Beginning fund balance	<u>132,434</u>	<u>132,434</u>	<u>136,917</u>	<u>4,483</u>
Ending fund balance	<u>\$132,634</u>	<u>\$132,634</u>	<u>\$137,017</u>	<u>\$4,383</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
STREETS

From inception and for the year ended December 31, 2016

	<u>2016</u>	<u>Inception to December 31, 2016</u>
Total project authorization		<u>\$2,123,904</u>
Revenues		
Miscellaneous	<u>\$28,414</u>	<u>\$ 28,894</u>
Total revenues	<u>28,414</u>	<u>28,894</u>
Expenditures		
Construction and engineering		2,143,440
Miscellaneous		<u>422</u>
Total expenditures	<u>-</u>	<u>2,143,862</u>
Excess of revenues over expenditures (expenditures over revenues)	<u>28,414</u>	<u>(2,114,968)</u>
Other financing sources (uses)		
Proceeds - temporary notes		2,170,000
Original issue discount		(4,095)
Other costs of issuance		(19,022)
Transfers out	<u>(31,915)</u>	<u>(31,915)</u>
Total other financing sources (uses)	<u>(31,915)</u>	<u>2,114,968</u>
Net change in fund balance	<u>(3,501)</u>	<u>\$ -</u>
Fund balance at beginning of year	<u>3,501</u>	
Fund balance at end of year	<u>\$ -</u>	

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
SEWER
From inception and for the year ended December 31, 2016

	<u>2016</u>	Inception to December 31, <u>2016</u>
Total project authorization		<u>\$6,619,844</u>
Revenues		
Miscellaneous	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>
Expenditures		
Construction and engineering	2,987,966	4,388,722
Miscellaneous	<u>12,075</u>	<u>12,075</u>
Total expenditures	<u>3,000,041</u>	<u>4,400,797</u>
Excess of revenues over expenditures (expenditures over revenues)	<u>(3,000,041)</u>	<u>(4,400,797)</u>
Other financing sources (uses)		
Proceeds - general obligation bonds	2,350,000	2,350,000
Proceeds - temporary notes		4,450,000
Original issue premium		58,523
Other costs of issuance		<u>(32,125)</u>
Total other financing sources (uses)	<u>2,350,000</u>	<u>6,826,398</u>
Net change in fund balance	(650,041)	<u>\$2,425,601</u>
Fund balance at beginning of year	<u>3,075,642</u>	
Fund balance at end of year	<u>\$2,425,601</u>	

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 AGENCY FUNDS
 December 31, 2016
 With comparative totals for December 31, 2015

	<u>Bonds posted</u>	<u>Hillbrook Subdivision</u>	<u>Facilities Renovation</u>	<u>Totals</u>	
				<u>2016</u>	<u>2015</u>
ASSETS					
Cash and equity in Treasurer's fund	<u>\$3,464</u>	<u>\$20,000</u>	<u>\$83,001</u>	<u>\$106,465</u>	<u>\$93,467</u>
Total assets	<u>\$3,464</u>	<u>\$20,000</u>	<u>\$83,001</u>	<u>\$106,465</u>	<u>\$93,467</u>
LIABILITIES					
Due to others	\$ -	\$20,000	\$83,001	\$103,001	\$89,883
Bonds posted escrow	<u>3,464</u>	<u> </u>	<u> </u>	<u>3,464</u>	<u>3,584</u>
Total liabilities	<u>\$3,464</u>	<u>\$20,000</u>	<u>\$83,001</u>	<u>\$106,465</u>	<u>\$93,467</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 December 31, 2016

	Balance January 1, 2016	Additions	Deductions	Balance December 31, 2016
BONDS POSTED FUND				
ASSETS				
Cash and equity in Treasurer's fund	\$ 3,584	\$538,360	\$538,480	\$ 3,464
Total assets	<u>\$ 3,584</u>	<u>\$538,360</u>	<u>\$538,480</u>	<u>\$ 3,464</u>
LIABILITIES				
Due to others	\$ -	\$ -	\$ -	\$ -
Bonds posted escrow	<u>3,584</u>	<u>592,957</u>	<u>593,077</u>	<u>3,464</u>
Total liabilities	<u>\$ 3,584</u>	<u>\$592,957</u>	<u>\$593,077</u>	<u>\$ 3,464</u>
HILLBROOK SUBDIVISION FUND				
ASSETS				
Cash and equity in Treasurer's fund	\$20,000	\$ -	\$ -	\$20,000
Total assets	<u>\$20,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$20,000</u>
LIABILITIES				
Due to others	\$20,000	\$ -	\$ -	\$20,000
Total liabilities	<u>\$20,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$20,000</u>
FACILITIES RENOVATION FUND				
ASSETS				
Cash and equity in Treasurer's fund	\$69,883	\$ 41,730	\$ 28,612	\$83,001
Total assets	<u>\$69,883</u>	<u>\$ 41,730</u>	<u>\$ 28,612</u>	<u>\$83,001</u>
LIABILITIES				
Due to others	\$69,883	\$ 41,730	\$ 28,612	\$83,001
Total liabilities	<u>\$69,883</u>	<u>\$ 41,730</u>	<u>\$ 28,612</u>	<u>\$83,001</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
December 31, 2016

With comparative totals for December 31, 2015

	<u>2016</u>	<u>2015</u>
Governmental funds capital assets by category		
Land	\$ 991,774	\$ 991,774
Buildings, improvements, infrastructure	21,696,984	19,553,122
Vehicles	813,714	772,994
Machinery and equipment	1,645,091	1,546,083
Construction in progress	<u>4,400,797</u>	<u>3,544,618</u>
Total governmental funds capital assets	<u>\$29,548,360</u>	<u>\$26,408,591</u>
Investments in governmental funds capital assets by source		
General fund	\$ 3,831,107	\$ 1,595,163
Special revenue funds	21,316,456	21,268,810
Capital project funds	<u>4,400,797</u>	<u>3,544,618</u>
Total governmental funds capital assets	<u>\$29,548,360</u>	<u>\$26,408,591</u>

The notes to the financial statements are an integral part of these statements.